

Ottawa must make Export Development Canada accountable for its impacts on people and the planet

For decades, Export Development Canada (EDC) has been subject to minimal parliamentary scrutiny. Recently, however, scandals involving EDC's clients have spurred MPs, senators and leading Canadian journalists to call for stricter oversight of this Crown corporation.

Many warn of risks to Canada's reputation and potential breach of its international obligations if EDC is left with free rein to decide what business it will finance in Canada's name. EDC says it will only support business that's "environmentally and socially responsible." But its transaction records show that it routinely finances firms charged with wrongdoing, ranging from bribery and fraud to human rights abuse and breach of environmental laws.

We provide several examples on the opposite side of this page, including cases where EDC issued new loans to an existing client after it was sanctioned by authorities. While these examples are recent, EDC's pattern of supporting business linked to serious harms goes back many years, as do civil society's calls for reform.

EDC also heavily supports fossil fuel companies, to the tune of roughly \$10 billion or more each year, in glaring contradiction to Canada's climate commitments.

EDC's governing legislation grants the agency broad discretion to handle risks as it sees fit. The law is silent on human rights and corruption, and provides no meaningful oversight relating to the environment.

As a result, EDC can't be effectively held to account when it supports firms engaged in harmful and illegal business practices. And the Canadian government, which is EDC's sole shareholder, risks profiting from such abuses.

With the *Export Development Act* under review, the time for reform is now. Parliament must impose enforceable rules on EDC.

“Canada is bankrolling companies accused of bid-rigging, graft and human-rights violations... The Globe's review of thousands of transactions reveals a pattern of secrecy and lax supervision.”

— The Globe and Mail, June 2019

EXPORT DEVELOPMENT CANADA (EDC) is a Crown corporation that provides roughly \$100 billion in loans, insurance and other financial support to Canadian and foreign firms each year.

The government is currently reviewing EDC and its governing legislation, the *Export Development Act*, as it must do once every 10 years.

Some of EDC's practices are also subject to periodic review by Canada's auditor general. In 2018, the office found “a significant deficiency” in how EDC manages risk.

ESSENTIAL REFORMS

Above Ground and 16 other organizations have called for legal reforms to bring EDC's operations in line with Canada's obligations, subject its decision-making to judicial review, and ensure that people harmed by activities it supports can access remedy.

**ABOVE
GROUND**

EDC's Troubling Track Record

SNC-Lavalin has received **up to \$1.25 billion** in financing from EDC since Canadian prosecutors charged the company in 2015 with bribery offences in Libya. In 2019, the company paid a \$280 million fine to settle the charges and its construction division pleaded **guilty to fraud**.

EDC financed Colombia's **Hidroituango dam** in 2016 despite **longstanding warnings** of corruption and social and environmental harm. The dam nearly collapsed in 2018, precipitating what EDC's CEO has called an "environmental, economic and human catastrophe."

A firm owned by South Africa's **notorious Gupta** family, which had long been accused of abusing its influence over government **officials**, received an EDC loan in 2015 to purchase a Bombardier jet. EDC was forced to cancel its loan to the Guptas in 2017. Shortly after, the Guptas faced arrest warrants in relation to a massive corruption scandal and the luxury jet went missing.

Bombardier, one of EDC's most frequent clients, faces allegations of corruption in several countries. EDC has financed at least 15 Bombardier deals since 2017, when South African **officials began investigating** a controversial contract with the firm. Bombardier's senior employees in Sweden have been under criminal investigation since 2016.

Kinross Gold has received seven EDC loans since 2012, long after Brazilian authorities reported that the company's actions at its **Morro do Ouro mine** resulted in the "elimination of an ethnic community." Two of these loans were issued after Kinross agreed in 2018 to a US\$1 billion fine to settle bribery-related charges in the U.S.

Mexico's state oil company **Petróleos Mexicanos (Pemex)** has received at least 13 EDC loans since 2009. During that time, **dozens of accidents** have taken place at its facilities, resulting in severe environmental damage and the deaths of at least 190 people.

In 2016, the U.K., French and German export banks **blocked support** for **Airbus** due to **corruption investigations**. EDC nonetheless provided the company with a large loan in 2017. In 2020, the company paid a record **US\$4 billion in fines** to settle corruption charges.

Teck Resources has benefited from up to \$1.2 billion in EDC loans since 2014. EDC issued two of those loans **after** Teck's facilities in B.C. were hit with record-breaking fines for water pollution, environmental authorities threatened to shut down one of its Chilean mines, and the firm admitted it "cannot operate" its B.C. coal mines "in compliance with the *Fisheries Act*."